

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-07 NEA-10 IO-13
ISO-00 SSO-00 OIC-02 AGRE-00 CIAE-00 COME-00
INR-07 LAB-04 NSAE-00 EPG-02 SP-02 STR-04 TRSE-00
FRB-03 OMB-01 L-03 ITC-01 INRE-00 NSC-05 NSCE-00
/104 W

-----023121 212040Z /75

O R 212003Z JUL 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 6355
INFO AMEMBASSY BRUSSELS
AMEMBASSY MANILA
AMEMBASSY TOKYO
AMEMBASSY BANGKOK
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
AMEMBASSY CAIRO
AMEMBASSY CANBERRA
AMCONSUL DURBAN
AMEMBASSY GEORGETOWN
AMEMBASSY GUATEMALA
USMISSION GENEVA
AMEMBASSY MOSCOW
AMEMBASSY NEW DELHI
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY PORT LOUIS
AMEMBASSY PRETORIA
AMCONSUL RIO DE JANEIRO
AMEMBASSY SANTO DOMINGO
AMEMBASSY SUVA
AMEMBASSY MBABANE
AMEMBASSY MEXICO

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USOECD

USEEC

FOR: EB/TRP: MR. PILKAUSKAS

E.O. 11652: N/A

TAGS: EPAP, ETRD, ISO

SUBJECT: SUGAR -- US SUGAR CONFERENCE CONSULTATION,
FIRST TWO DAYS

REF: LONDON 11782

1. SUMMARY: SUGAR CONSULTATIONS COMPLETED FIRST DAY OF
SUBSTANTIVE WORK JULY 21 WITH DISCUSSION CENTERED ALMOST
ENTIRELY ON U.S. CONCEPT OF STOCKHOLDING AND FINANCING.
MOST SPEAKERS EXPRESSED INTEREST IN U.S. PLAN FOR STOCK-
HOLDING IN A NEW AGREEMENT BUT AS ANTICIPATED EEC AND
CUBA STAKED OUT THEIR RESERVATIONS ON APPROACHING NEGOTIATIONS
ALONG LINES WE HAVE SUGGESTED. DISCUSSIONS
TENDED TO BE DISPARATE BUT HOPEFULLY ESTABLISHMENT OF
TWO EXPERT WORKING GROUPS WILL TEND TO FOCUS DISCUSSIONS
IN COMING DAYS. NEGATIVE SIGN WAS COMPLETE SILENCE OF
BRAZIL THROUGHOUT DAY LONG MEETING. END SUMMARY;;

2. SUGAR CONSULTATIONS BEGAN SUBSTANTIVE WORK JULY 21
WITH ARRIVALS OF THE CUBAN AND SOVIET DELEGATIONS,
WHICH HAD BEEN DELAYED BY VISA PROBLEMS. FIRST OFFICIAL

DAY OF MEETING, JULY 20 WAS DEVOTED TO PROCEDURE AND WORK
BY A SPECIAL EXPERT GROUP TO DEFINE CONCEPT OF CARRYING
COSTS IN U.S. RESERVE STOCK AND FINANCING SCHEME.
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3. UNDER PROCEDURE ADOPTED QUESTION OF STOCKS AND
FINANCING WERE AGREED UPON AS FIRST TWO ITEMS WITH OTHER
ELEMENTS OF A POSSIBLE AGREEMENT (E.G., MARKET SHARES,
PRICES) LISTED AS SUBSEQUENT ITEMS. U.S. HAS NOT REPEAT
NOT TABLED ITS DOCUMENT OFFICIALLY FOR DISCUSSION BUT ALL
PARTICIPANTS HAVE U.S. PAPER AND IN ABSENCE OF OTHER
PROPOSALS, U.S. IDEAS ARE CLEARLY THE ONES UNDER DISCUSSION.
SPEAKERS HAVE EXPRESSED KEEN INTEREST IN U.S.
CONCEPTS AND MOST HAVE EXPRESSED BELIEF THAT U.S. PROPOSALS
COULD FORM APPROPRIATE BASIS FOR NEGOTIATION OF STOCKING
PROVISIONS. PARTICULARLY INTERESTED WERE AUSTRALIA, CANADA,
THE DOMINICAN REPUBLIC, SWAZILAND, MAURITIUS, PHILIPPINES,
INDIA AND ARGENTINA. SURPRISINGLY, BRAZIL WAS SILENT
THROUGHOUT DAY. THE EEC (EATON) RESERVED AT START OF MEETING,
REITERATING EEC CONCEPT OF AN AGREEMENT BASED ENTIRELY
UPON STOCKS. CUBA AS ANTICIPATED ALSO EXPRESSED RESERVATIONS
ABOUT A PROCEDURE

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FM AMEMBASSY LONDON
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INFO AMEMBASSY BRUSSELS
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FOCUSING SO IMPORTANTLY ON STOCKS, HOWEVER, THEIR PARTICIPATION WAS MOSTLY LOW KEY (CUBA MAINTAINS THAT EXPORTERS SHOULD BE RESPONSIBLE FOR MINIMUM STOCKS WHILE IMPORTERS SHOULD BEAR COSTS OF ANY ADDITIONAL STOCKS AND THAT 3 MILLION TON BALLPARK FIGURE SUGGESTED IN U.S. PAPER IS HIGH--BASICALLY THEY RESIST DEVIATION FROM 1968 AGREEMENT.) JAPAN SO FAR HAS MAINTAINED A LOW PROFILE BUT THEIR INFREQUENT INTERVENTIONS SUGGEST DISCOMFORT WITH MOMENTUM BEHIND U.S. CONCEPT.

4. SMALL EXPORTERS CLEARLY DOMINATED MUCH OF TODAY'S DISCUSSION WITH SOME TENDENCY TO SEE WHAT ADVANTAGES IN ADDITION TO CARRYING COSTS FINANCING MIGHT BE OBTAINED FROM THE STABILIZATION FUND. MOST PROMINENTLY THESE INCLUDE:

A. CHANGING CONCEPT FROM A LOAN TO A GRANT BASIS (I.E., DRAWINGS FROM THE STABILIZATION FUND WOULD NOT BE REPAYED),

B. FINANCING OF INTEREST ON ACQUISITION COSTS OF SUGAR FOR THE FUND,

C. QUESTION OF VALUATION OF SUGAR IN FUND FOR THE PURPOSE OF ITEM B.

D. PREFERENCES FOR SOME LDC EXPORTERS (AND SMALL IMPORTERS AS WELL).

5. THE DEGREE OF INTEREST AND SUPPORT U.S. CONCEPT HAS GENERATED IS ENCOURAGING SIGN. ON OTHER HAND PASSIVE ATTITUDE OF BRAZIL SO FAR, ON TOP OF PROBLEMS WITH EC LIMITED OFFICIAL USE

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AND CUBA LEAVE OUTCOME IN DOUBT. CANADA (EASUM) HAS BEEN VERY SUPPORTIVE, TAKING LEAD IN COUNTERING QUOTE CHRISTMAS TREE UNQUOTE APPROACH OF MANY EXPORTERS. WHILE DISCUSSIONS TENDED TO BE DISPARATE AND DIFFUSED WE THINK THIS SHOULD BECOME MORE FOCUSED WITH ESTABLISHMENT OF A SECOND EXPERT WORKING GROUP CONSISTING OF AUSTRALIA, EEC, U.S., CUBA, CANADA, BRAZIL, PHILIPPINES, AND SWAZILAND TO FOCUS ON THE APPROPRIATE SIZE OF STOCKS AND RELATED QUESTIONS.

BREWSTER

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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